

## House Republican Press Release

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### State Budget Delivers Good News and Bad



*By state Rep. Donald B. Sherer, R-147*

There's an old adage that a good compromise is one where neither side comes away entirely happy. That was certainly true about the state budget, adopted recently by the state House and Senate after weeks of difficult negotiations.

The good news is that the budget fully funds the teachers' pension system this year, after a decade of underfunding, with \$246 million in additional state contributions out of the surplus. At least \$137 million in surplus funds will go into the Rainy Day Fund to ease future economic downturns. Another \$85.5 million will pay off debt left over from a 2003 fiscal crisis. Some excessive spending proposals were scaled back.

Taxpayers will receive a property tax credit of up to \$500, when they file their 2006 state income tax returns. If you save for education in the Connecticut Higher Education Trust (CHET), you will receive a tax deduction up to \$10,000 per couple on your state income tax.

There are many things to like about the \$16-billion state budget for the fiscal year that begins July 1, and a few major shortcomings. Most disappointing is that majority Democratic legislators ignored our repeated pleas to reform education aid so Stamford area public school students receive their fair share of state school funds.

I offered amendments to the budget that were rejected along party lines: to add state school aid for Stamford and New Canaan, to redirect one-time revenue sharing funds more fairly, to reform or repeal the Connecticut estate tax that was reimposed last year, to exempt homes and farms from the estate tax and to remove the property tax on cars.

Overall, it was a mixed bag budget, the result of a bipartisan compromise—approved on-time, without the need to call costly special sessions into the summer as has happened repeatedly since 2001. As Gov. M. Jodi Rell put it, “Each side had to give a little and take a little.”

A number of positive elements are again worthy of emphasis:

- Additional payments of \$20 million to help towns with the costs of special education students
- A tax credit for individuals saving money for a child's education in the Connecticut Higher Education Trust
- A tax credit for companies that create at least 50 jobs
- A tax credit for hiring laid off workers
- Money for a state police training class to maintain at least 1,200 troopers to assure proper highway safety patrols and other duties
- A 10-year, 2.3-billion transportation package supplementing last year's \$1.3-billion plan that included 342 new commuter rail cars for Metro-North commuters
- A job-creating tax package to encourage new business formation, education and training to benefit especially our area of Connecticut.

With Connecticut lagging the nation in job creation, my number one priority for the legislative session was to get improve our business climate and encourage more job-creating business investment. The legislature has agreed and adopted many, though not all, of our job stimulus proposals. And we did get more money for Stamford and New Canaan. That is a good thing.

Overall, the state budget meets many of the needs of the people of Connecticut. It rates a B for balance and an A for timeliness.

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147<sup>th</sup> District